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IOWA FINANCE AUTHORITY BOARD MEETING MINUTES

**Hotel Fort Des Moines
April 7, 2004**

BOARD MEMBERS PRESENT

Vincent Lintz, Chair
Kay Anderson, Vice Chair
Virginia Bordwell (via telephone)

Carmela Brown
Roger Caudron
Dick Wright

STAFF MEMBERS PRESENT

Michael Tramontina, Executive Director
Lori Beary, Community Development Finance Officer
Mary Bilstad, Affordable Assisted Living Coordinator
Roger Brown, Director of HUD Programs, Section 8 Contract Administration
Mickey Carlson – Single Family Program Manager
Donna Davis, Deputy Director, Director of Housing Programs
Mark Fairley, Financial Officer
Alyson Fleming, Administrative Assistant
Glenda Gaumer, Senior Housing Compliance Specialist

Steven Harvey, Comptroller
Craig Johnson, Financial Analyst/Underwriter
Bret Mills, Chief Financial Officer
Tim Morlan, Underwriter
Sharon Murphy, Housing Specialist HAF/HIRE
Julie Noland – Director of Administrative Services
Loyd Ogle, Director of Policy and Governmental Affairs
Carla Pope, Service Enriched Housing Director
Tracy Scebold, Housing Allocation Manager
Lyle Schwery, Homeless Programs Coordinator
Nancy Wallis, Administrative Assistant
Matt White, Deputy Director, Title Guaranty
Vicky Winter, Legal Secretary

OTHERS PRESENT

Kristi Boyce – Wells Fargo Bank Iowa, NA
Krista Bowersox – HUD
Al Collet - IDED
Jim Conlin – Conlin Properties
Joni DeVries – Wells Fargo Bank Iowa, NA
Mary Ericson – Brown, Winick Law Firm
Scott Fitzgerald – National Equity Fund
Darla Giese – Dorsey & Whitney Law Firm
David Grossklaus – Dorsey & Whitney Law Firm
Macie Houston – (HUD)

Nicole Jones – State Treasurer's Office
Frank Levy – Newbury Development
Bill McNarney – (HUD)
Joe O'Hern – Fannie Mae
Bruce Ray – Department of Housing and Urban Development (HUD)
Bill Reineke – HOUSES Inc.
Jim Ryan – HUD
Greg Swartz – Piper Jaffray Phoenix

CALL TO ORDER

Chair Lintz called to order the April 7, 2004 meeting of the Iowa Finance Authority (IFA) Board of Directors at 10:55 a.m. Roll call was taken and a quorum was established with the following members present: Lintz, Anderson, Bordwell, Brown, Caudron, and Wright.

REVIEW AND APPROVAL OF MINUTES

March 3, 2004 - Board Meeting

Chair Lintz introduced the minutes of the March 3, 2004 meeting of the Iowa Finance Authority Board of Directors.

MOTION: On a motion by Ms. Anderson and a second by Ms. Bordwell, the Board unanimously approved the minutes of the March 3, 2004 Board of Directors meeting.

MANAGEMENT REPORT

Summary & Overview

Mr. Tramontina stated several staff members were absent from the Board meeting to attend a tax credit appeal hearing in Jefferson County District Court.

Introduction of Mr. Lyle Schwery to the Board

Mr. Tramontina requested Ms. Donna Davis introduce the newest member of the Authority staff, Mr. Lyle Schwery, Homeless Programs Coordinator.

Mr. Schwery gave a brief history of his background, education and employment.

Visit by Macie Houston of the Department of Housing and Urban Development (HUD)

Mr. Tramontina introduced Mr. Bill McNarney and Ms. Macie Houston, regional representative with the Department of Housing and Urban Development (HUD) in Kansas City.

Mr. McNarney introduced Ms. Macie Houston, HUD Fair Housing Regional Director. He stated Ms. Houston is visiting Des Moines for Fair Housing Month and will attend the Governor's Human Rights Symposium.

Ms. Houston shared a recent HUD initiative with the Board and stated she hoped the new no down payment initiative is approved in the 2005 Budget. She said the regulations for another home ownership initiative approved last year were recently released.

Chair Lintz inquired of the Board if there were any questions.

Ms. Bordwell inquired as to the status of the Section 8 Nebraska contract.

Mr. McNarney requested Mr. Jim Ryan answer Ms. Bordwell's question.

Mr. Ryan, HUD Director of Multifamily Housing, stated the most recent information he had included approval of two contracts with four more still under review by the Office of General Counsel (OGC). He said he had not heard of any expected date for release with the waiting period to continue.

Mr. Caudron requested if it were possible to move the process along.

Mr. McNarney stated the office of OGC is HUD's legal counsel.

Mr. Tramontina stated his impression was the Authority was given OGC approval last year.

Mr. Ryan stated he would verify that information and report to the Authority.

Fitch Rating Report

Mr. Tramontina referred to a recent Fitch rating report. He said the previous year's report ranked the Authority as the smallest state housing finance agency. Mr. Tramontina reported the January 2004 report ranked the Authority as the 49th smallest state housing finance agency in the nation, having advanced above the State of Delaware.

Legislative Appropriations

Mr. Tramontina gave a brief report on the Legislature's appropriations activity. He said with the assistance of Ms. Brown and Mr. Loyd Ogle the proposed \$15 million appropriation from the Authority's funds was deleted from the Budget bill.

Administrative Services Report

Ms. Julie Noland referred to the report included in the Board materials.

Mr. Walter connected to the meeting by telephone at 11:10 a.m.

LEGAL / REGULATORY

Notice of Intended Action on Title Guaranty Rules

Mr. Loyd Ogle, in the absence of Mr. James Smith, introduced the proposed rules for the Title Guaranty Division. He stated the rules govern the processes of the Division. Mr. Ogle referred to a copy of the proposed rules included in the Board materials.

MOTION:

Ms. Bordwell made a motion to approve the notice of intended action on Title Guaranty Rules. On a second by Ms. Brown, the Board unanimously approved the notice of intended action on Title Guaranty Rules.

Closed Session

MOTION: On a motion by Ms. Anderson and a second by Mr. Caudron, the April meeting of the Iowa Finance Authority Board of Directors adjourned at 11:25 a.m. to reconvene in closed session.

A roll call vote was taken: YES: Lintz, Anderson, Bordwell, Brown, Caudron, and Wright: NO: None. ABSTAINED: None.

Chair Lintz requested the public and staff, with the exception of housing program and management staff, to leave the meeting.

MOTION: On a motion by Mr. Caudron and a second by Ms. Bordwell, the closed session portion of the April meeting adjourned at 12:03 p.m.

Chair Lintz reconvened the open meeting at 12:12 p.m.

FINANCE AND ACCOUNTING

Finance Update

Mr. Bret Mills reported the General Fund has year-to-date (YTD) net income of \$187,000 as shown in the 5-Year Trend Analysis. He stated the Capital Adequacy Report will be presented to the Board at the May meeting. Mr. Mills said the Budget will be presented to the Board in June.

Single Family Resolution Re: 2004 Series A and B

Mr. Mills introduced the Single Family Resolution authorizing the issuance of the Bonds for new mortgage loans. He stated two series of the Bonds are expected to be issued, 2004 Series A and B. Mr. Mills said the total principal amount will not exceed \$60,000,000 and the expected issue size will be approximately \$45,000,000. He stated this issue will utilize \$34,100,000 of the Authority's 2004 volume cap and includes a tax-exempt variable piece of \$13,000,000 with the details to be finalized. Mr. Mills said the anticipated pricing of the Bonds will take place in mid-April and the anticipated closing of the issue will occur the first week in June.

MOTION: Mr. Caudron made a motion to approve the Single Family Resolution Re: 2004 Series A and B in an amount not to exceed \$60,000,000. On a second by Mr. Wright, the Board unanimously approved the Single Family Resolution Re: 2004 Series A and B.

STATE REVOLVING FUND (SRF) PROGRAM AND COMMUNITY / ECONOMIC DEVELOPMENT

Economic Development Loan Program

ED. Loan #04-01, The Reserve

Ms. Beary introduced the inducement resolution and application for The Reserve Project in Urbandale. She said the borrower is requesting \$11,400,000 in Development Revenue Bonds to construct up to 60 units of senior housing. Ms. Beary stated The Reserve is a nonprofit organization that develops and operates an independent senior living facility in Urbandale and

this project would be Phase II of their existing facility, The Reserve on Walnut Creek. She said this project does not require Private Activity Bond Cap.

RESOLUTION #04-01A

MOTION: Ms. Anderson made a motion approving the application for \$11,400,000 Iowa Finance Authority Development Revenue Bonds (The Reserve Project), Series 2004 for The Reserve and evidencing the intent to proceed with the issuance of \$11,400,000 Revenue Bonds. On a second by Mr. Caudron, the Board unanimously approved Resolution #04-01A.

State Revolving Fund (SRF) Program

Ms. Beary reported Mr. Tramontina, Mr. Mills, and herself will travel to Denver to gather additional information on the Colorado SRF program on April 13, 2004.

Mr. Beary distributed a Des Moines Register Article announcing the Main Street Iowa Awards. She stated the Oskaloosa Main Street Project was awarded Best Total Building Rehab. Ms. Beary reported the Elkader Cinema was awarded Best Community Initiated Development Project and the Story City Herald Building was awarded Best New Development /New Construction. She said the Best Upper Floor Rehabilitation award was given to the Spencer Project with honorable mention to the Bloomfield Project. Ms. Beary stated five of the Authority's Main Street funded projects received awards.

Mr. Caudron inquired as to the anticipated award date for the New Market Tax Credits.

Ms. Beary stated an announcement should be made by the end of April, however an unconfirmed source indicated sometime this summer. She said she will provide the Board with a definite announcement date.

HOUSING PROGRAMS

Homeownership Programs

Single Family Status, Delinquency and Activity Reports

Ms. Donna Davis referred to the monthly activities report and charts included in the Board materials.

Low Income Housing Tax Credit

Ms. Davis stated ten appeals have been filed; however, one of the ten had been withdrawn leaving nine. She said these appeals have been scheduled to be heard the first week in April with three requests for stays filed in district court. Ms. Davis stated two of these requests for stays will be heard on April 7 and May 20 in Fairfield and Muscatine, respectively. She said the hearing date for the stay request filed in Polk County District Court has not yet been scheduled.

Resolution Re: Allocation of Additional Tax Credits

Ms. Davis introduced a resolution included in the board materials. She said this resolution would amend four of the 2004 reservations and increase the amount of credits received by those

projects. Ms. Davis stated some of the projects wanted to exceed the cost caps but not receive tax credits for the amount exceeding the cost caps. She stated this was allowed in the question and answer period prior to the application deadline. Ms. Davis said following the letter of the QAP, staff reasoned the excess sources had to be considered and deducted from eligible basis which lowered their tax credits. She stated after the awards were made and discussions held with the developers, staff agreed because the question and answer response was ambiguous the Authority would restore the credits and clarify its position next year. Ms. Davis said there are insufficient credits to restore each project immediately and the projects will be placed on a waiting list for Carryover and 8609 returned credits from previous and current rounds.

Mr. Wright inquired as to the amount of the allocation.

Ms. Davis stated the attachment to the resolution, Exhibit A, shows the original award amount of \$693,225. She said with the increase of \$88,124, the revised award amount is \$781,349.

Mr. Caudron inquired whether those projects allocated additional tax credits would be placed on the waiting list before the 2004 awards or before any appeals.

Ms. Davis stated those projects allocated additional tax credits would be placed on a waiting list. She said it would be the Board's decision as to the waiting list order depending on the recommendations made by Mr. Tramontina on the appeals or any decision made on the stay requests filed in District Court.

MOTION: Mr. Caudron made a motion to approve the Resolution Re: Allocation of Additional Tax Credits. On a second by Mr. Wright the Board unanimously approved the Resolution Re: Allocation of Additional Tax Credits in the amount of \$88,124.

OTHER HOUSING PROGRAMS

Multifamily Lending Activity

Ms. Davis referred to the written summary and handout included in the Board materials.

SECTION 8 CONTRACT ADMINISTRATION

Ms. Davis referred to the written summary included in the Board materials.

Rural Home Building Initiative

Ms. Davis referred to the written summary and handout included in the Board materials. She said the RHI factory located in Wilton Iowa was sold and the Authority received proceeds in the amount of \$237,000.

Resolution Re: DHS Rent Subsidy Agreement

Ms. Davis introduced the resolution and asked Ms. Carla Pope to provide further information on the program.

Ms. Pope stated the Rent Subsidy program was created by the Department of Human Services (DHS) in 1996 and funded with a General Fund appropriation. She said the program is strictly for those individuals who wish to move from an institution or are at risk of moving into a nursing

home and are receiving services under the Medicaid waiver. Ms. Pope stated the program had been funded in recent years from a level of \$30,000 to \$700,000 through the Senior Living Trust Fund. She said due to staffing reductions at the DHS, the program has not been properly administered or marketed. Ms. Pope explained the program currently provides rent subsidy to 285 Medicaid waiver recipients with approximately \$400,000 of the \$700,000 funding spent annually. She stated the Authority would like to administer the program and market it to those who would benefit from the rent subsidy.

Mr. Wright inquired if the funding for the program was with state or federal monies.

Ms. Pope stated the funding is state monies from the Senior Living Trust Fund.

Mr. Caudron inquired if the recipients of the rent subsidy reside in nursing homes or assisted living facilities.

Ms. Pope stated the recipients of the rent subsidy would reside in assisted living apartments or homes or anywhere else in the community where they wished to rent. She said these persons would otherwise reside in nursing facilities, intermediate care facilities for persons with mental retardation, or state resource centers. Ms. Pope stated the program provides the bridge for these persons from the time they leave an institution and the time they are eligible for Section 8 rental vouchers from HUD.

Ms. Bordwell pointed out the program would save money that would otherwise be spent by the state for persons residing in nursing homes who would not necessarily require those services.

Mr. Lintz inquired if the Authority would receive administration dollars from the program.

Ms. Pope stated the Authority initially agreed to administer the program without cost to the DHS as the program does not have funds allocated for administration costs.

Ms. Davis stated the administration of the program and additional responsibilities would be absorbed in house by housing program staff. She said Mr. Scebold and Ms. Pope are currently observing work flow of the program with DHS staff.

MOTION: Mr. Wright made a motion to approve the Resolution Re: DHS Rent Subsidy Agreement. On a second by Ms. Anderson, the Board unanimously approved the Resolution Re: DHS Rent Subsidy and authorizing the Authority to enter into an interagency agreement by the Authority with DHS to detail the Authority's administration of the Rent Subsidy Program.

HOPWA (HUD Grant called Housing Opportunities for Persons with HIV/Aids):

Ms. Davis referred to the written summary included in the Board materials.

Mr. Wright inquired as to the number of voting members on the Iowa Council on Homelessness.

Ms. Davis stated the voting membership consists of thirty persons.

Mr. Caudron commended the low income housing tax credit staff and all staff involved with the tax credit appeals for their work.

TITLE GUARANTY DIVISION (TGD)

Mr. Ogle reported business continues to be very strong. He referred to the handout included in the Board materials on the “Reinventing Government Workshop”.

POLICY / LEGISLATION

Mr. Ogle referred to the handouts included in the Board materials. He updated the Board on the federal and state legislation that could affect the Authority.

Resolution Re: HSOG Funding FY2005

Mr. Ogle introduced the Resolution Re: Homeless Shelter Operations Grant (HSOG) Fiscal Year 2005. He said the Authority is proposing the award of \$475,000 to the Department of Economic Development.

MOTION: On a motion by Ms. Bordwell and a second by Ms. Anderson, the Board unanimously approved the Resolution Re: HSOG Funding FY 2005 in an amount not to exceed \$475,000 and subject to the limitations set forth in the Resolution.

Ms. Bordwell inquired as to the grant applicants.

Mr. Ogle stated a list of those awarded grant funds will be provided to the Board.

Mr. Wright gave a brief report on the NCSHA trip to Washington D.C. attended by himself, Mr. Caudron and Mr. Ogle.

COMMUNICATIONS

Ms. Monica Fischer stated she was glad to be back at the Authority and thanked staff for their assistance during her absence. She said Congressman Boswell’s Urban Development Tour will be held next Wednesday. Ms. Fischer distributed a tentative agenda for the tour and invited everyone to attend.

MISCELLANEOUS ITEMS

Receive Comments from General Public

Mr. Frank Levy of the Newbury Development Corporation spoke to the Board on the pending tax credit appeals and the reallocation of tax credits which was approved by the Board.

Next Month

The next regular meeting will be held at 10:45 a.m. on May 5, 2004 at the Hotel Fort Des Moines.

ADJOURNMENT

There being no further business, on a motion by Mr. Caudron and a second by Ms. Anderson, the April meeting of the Iowa Finance Authority Board of Directors adjourned at 1:03 p.m.

Dated this 5th day of May 2004.

Respectfully submitted:

Approved as to form:

Michael L. Tramontina
Executive Director
Iowa Finance Authority

Vincent C. Lintz, Chair
Iowa Finance Authority

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